

Realty Trust Review

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VOL. IV, No. 5

LONG-TERM MORTGAGE TRUSTS--VALUE GUIDE TO ISSUES REVIEWED

Trust	Assets (Mil.\$)	Port. Yield	-6Mo.Port.Chng.- Last	E Next	Lever. Ratio	Wts. Out	Price	Page
Bank Am. Rl.	\$186.5	9.97%	15%	15%	1.51	0	\$29.25	2
Barnett-Win.	33.0	11.49	16**	50	0.06	100	18.63	2
*BT Mtg. Inv.	128.0	11.22	18	25	3.73	29	33.88	3
*CleveTrust	102.5	11.58	43	20	1.16	100	21.00	3
Conn.Gen.Mtg.	302.0	9.50	30	20	0.55	0	25.50	3
*Cousins M&E	154.6	10.31	43	24	2.57	32	27.75	4
Equit.LifeM&R	208.6	9.66	12	25	0.43	0	25.00	4
*Fidelco Gr.	62.1	13.46	29	31	0.60	15	39.13	5
First Mem.	51.1	10.02	50	36	1.40	98	21.25	5
Gulf M&R	91.5	10.42	40	43	1.24	100	19.75	5
HNC Mtg.	99.8	10.03	47	31	0.96	0	23.75	6
MassMutual	211.4	9.19	24	25	0.20	0	24.75	6
MONY Mtg.	230.5	10.26	24	13	1.39	0	13.13	7
NW Fin. Inv.	27.9	11.65	105	84#	0.00	100	18.50	7
NW Mut. Life	160.3	10.25	24	38	0.66	0	24.63	7
PNB Mtg.	107.4	11.54	41	6	1.50	63	24.50	8
RAM Pac.	50.9	8.09	21	15	0.05	0	18.25	8
State Mut.	88.9	12.85	4	24	0.49	0	25.63	8
TOTAL/AVG.	\$2,297.0	10.64%	33%	29%	1.03	35%		

*Some problem loans reported; see text. **Last three mon. #For eight mon.

E-Estimated. Leverage ratio is ratio of non-convertible debt to capital(equity plus convertibles). Warrants out shown as % of shares assuming full conversion.

LONG-TERM MORTGAGE TRUSTS AIDED BY HIGHER LEVERAGE, SHIFT TO SHORT TERM LOANS

The 18 long-term mortgage trusts reviewed this issue are using their large equity bases and money market power to expand leverage rapidly. Since we reviewed the group last October (RTR, Oct. 16), portfolio holdings have moved up 33% and the leverage ratio has moved from 0.72-1 to 1.03-1. This indicates that most portfolio growth has been funded from borrowings.

As a result annualized earnings per share have moved up 10.4% since last September and annualized dividends per share have gained 7.4%, both in a period of only five months.

We're particularly pleased with these results because they indicate that 1) a good portion of portfolio gains are being translated into dividend and earnings gains, and 2) the portfolio funding estimates we began last fall are coming in fairly close to target. Last October these 18 trusts estimated their fundings would rise by an average 37% for the coming six months. Fundings in fact have risen by 33%, with part of the short-fall due to the fact we have chosen to review this group five months after our earlier review (purely to coincide with natural reporting cycles). These numbers, which we view as tentative till more experience is gained, indicate that only about one-third of funding increases (taken as

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33%) are translated into earnings gains (taken as 10.4%). There undoubtedly is some lag between fundings and reflection in earnings. Note this lag in assessing our estimates of future funding gains.

The long-term trust is now a bit of a misnomer. Most are moving heavily into short-term lending because of higher rates. Long-term commercial mortgage rates have now dropped from the 10-10½% of 3 years ago to about 8-8½%. The trust can't exist on that. The short-term area has the advantage that loan rates may be tied to the commercial prime rate. While it looked like the prime would become an artifact when the Administration tried to hold it at 6%, it has become unstuck and should again be adequate. Many trust here are pondering tying to commercial paper but it's difficult to sell this to borrowers.

Quality in this group is among the best. Highlighted on page 1 are four trusts reporting some problem loans; most are being corrected promptly. Investors should realize trusts will have problem loans and superior trusts will cope with them. Generally, we prefer quality institutional trusts and would take a moderate profit decline over yield stretching. Institutional trusts like *MONEY Mortgage*, *Equitable Life Mortgage*, *CommGen Mortgage* are favored, and *Northwestern Mutual Life Mortgage* has the added attraction of a strong funding gain ahead. *Fidelco Growth*, *BT Mortgage* and *Cousins Mortgage* are more aggressive vehicles which should do well and newer *Barnett-Winston* has excellent prospects. (KDC)

BANKAMERICA REALTY INVESTORS (OTC-BRLTS) Recent Price: \$29.25

SUMMARY & RANKING (Data as of 1/73)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Prim.	Diluted	Cash Fl.	Div.
Rank	18	20	109	50	7/72	\$0.50	\$0.48	\$0.54	\$0.47
Amt.	\$186.5M	\$66.0M	9.97%	11.23%	10/72	0.53	0.52	0.57	0.52
Type:	Long-term mtg. & equities. FY ends 7/31. 1/73					0.55	0.53	0.60	0.52

Portfolio dynamics: Fundings increased 15% the last 2 qtrs. Current investments of \$186.2M are 55% constr. and devel.; 34% land and buildings; 6% second mtg.; 3% long-term mtg.; 2% partnerships. Investments located in 20 states plus Wash. D. C. and Guam with significant concentration in Calif. We expect portfolio to grow by 15% the next 6 mon. with some 60% going into the short and intermediate-term areas. Trust has no problem loans. Some 42% of short-term loans are tied to prime and mgmt. is contemplating tying new loans to commercial paper rate. Loss reserve: \$227T or 0.22%. Financing: Trust capital is \$72.5M with \$66.0M in equity w. 3.46M sh. and \$6.5M 6 3/4% convt. subor. debent. Debt amounts to \$109.3M. Leverage ratio is 1.51-1. No public financing planned next 6 months. In Oct. '72 trust negotiated a \$50M, ten-year term financing. Adviser & expenses: BankAmerica Realty Services, Inc., subsidiary of BankAmerica Corp., largest U.S. bank holding company. Expenses averaged 1.57% of investments the last 2 qtrs. Six month outlook: Continued gains in fundings, increasing portfolio yield and spread on debt and no warrant overhang should result in moderate gains in earnings and dividends. Shares are a longer-term buy candidate. (VCK)

BARNETT-WINSTON INVESTMENT TRUST (OTC-BWITS) Recent price: \$18.63

SUMMARY & RANKINGS (Data as of 12/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	107	55	53	103	9/72	\$0.20	\$0.20	\$0.20
Amt.	\$33.0M	\$30.9M	11.49%	7.59%	12/72	0.35	0.32	0.35

Type: Long-term mtg. & equities. FY ends 9/30.

Portfolio dynamics: Holdings increased 16% the last 3 months following the 1972 initial offering. Current portfolio of \$32.2M is 45% constr.; 20% land; 20% long-term; 11% land-purchase leasebacks; 4% junior. Investments located in 9 states with heaviest concentration in Fla.-37%. Mgmt. expects portfolio to reach \$47M-\$51M, a 47%-59% gain, over the next 6 months with more concentration in intermediate loans and land-purchase leasebacks. About 87% of short-term loans are tied to prime while some 82% of long-term loans are tied to prime. No problem loans. Loss reserve: \$51T or 0.25%. Financing: Capital is \$30.9M, all equity with 1.66M shares. Debt is \$1.9M, notes payable. Leverage ratio is 0.06-1. No public financing planned next 6 months. Adviser & expenses: Barnett

Winston Investment Counselors, Inc., subsidiary of Barnett Winston Company. Expenses were 1.88% of avg. investments the last qtr. Six month outlook: Strong growth in funding and good portfolio yield indicate future gains in earnings and dividends. Overhang of 100% from warrants a long-term negative. Trust shares warrant a long-term buy based on healthy future growth prospects. (VCK)

BT MORTGAGE INVESTORS (ASE-BTM) Recent Price: \$33.88

SUMMARY & RANKING (Data as of 12/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	33	66	60	1	6/72	\$0.61	\$0.56	\$0.59
Amt.	\$128.0M	\$26.3M	11.22%	21.96%	9/72	0.71	0.65	0.66
Type:	Long-term mtg. & equities. FY ends 9/30.				12/72	0.73	0.66	0.70

Portfolio dynamics: Fundings gained 18% the last 6 months. Current investments of \$125.5M are divided 52% constr.; 19% long-term; 11% devel.; 11% intermediate; 5% wrap-around; 2% property. Geographic breakdown: 70% Northeast; 22% Southeast; 4% Southwest; 4% West. Mgmt. expects portfolio to reach \$160M-\$165M, a 28%-32% gain, by Sept. 30 '73 with composition unchanged. Trust recently foreclosed on two properties, a HUD turnkey project in Portsmouth, N.H. of \$1.6M and a garden apartment in Deer Park, Tex. of \$1.3M, and expects to dispose of them soon at no loss. Trust also has a \$3.2M permanent loan in default which it expects to clear up shortly at no loss. Some 40-50% of all loans are presently tied to prime and trust is attempting to negotiate new loans tied to commercial paper. Loss reserve: \$237 or 0.31%. Financing: Capital of trust amounts to \$26.3M, all equity w. 2.02M shares. Debt comes to \$97.9M incl. \$20M of subordinate debt. Leverage ratio is 3.73-1. No definite plans for a public financing in next 6 months. Adviser & expenses: BT Advisors, Inc. subsidiary of Bankers Trust, 8th largest U.S. bank. Expenses averaged 1.81% of investments the last 2 qtrs. Six month outlook: Good gains in fundings, increased portfolio yield, and small warrant overhang (29%) should produce healthy earnings and dividend gains. Shares represent an intermediate term buy based on high yield and strong future growth outlook. (VCK)

CLEVETRUST REALTY INVESTORS (OTC-CTRI) Recent price: \$21.00

SUMMARY & RANKING (Data as of 12/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	46	37	48	79	6/72	\$0.39	\$0.35	\$0.39
Amt.	\$102.5M	\$46.9M	11.58%	9.02%	9/72	0.41	0.32	0.41
Type:	Long-term mtg. & equities. FY ends 9/30.				12/72	0.42	0.362	0.42

Portfolio dynamics: Fundings gained 43% over the last 2 qtrs. Current investments of \$99.8M are 53% short-term; 21% long-term; 20% buildings; 6% land. Investments are located in 19 states. Mgmt. expects portfolio to grow by some \$10M per qtr. in next 6 months, a 20% increase, with new fundings about evenly divided between short-term and long-term. Trust has one problem loan on which it is not accruing interest, a \$4.2M land acq. & devel. loan near St. Louis where work has been delayed due to environmental problems. Some 90-95% of loans are presently tied to prime and trust is now attempting to tie new loans to the higher of prime or commercial paper rate. Loss reserve: \$83T or 0.16%. Financing: Capital is \$46.9M, all equity w. 2.52M shares. Debt amounts to \$54.4M. Leverage ratio is 1.16-1. No public financing in next 6 months. Adviser & expenses: CleveTrust Advisers, 60% owned by Howard S. Bissell, Inc., wholly-owned subsidiary of The Cleveland Trust Co., Ohio's largest bank, and 40% by Craigin, Lang, Free & Smythe, Inc., real estate service co. Expenses avg. 1.56% of investments the last 2 qtrs. while realty operating expenses were 36.1% of rental income in the Dec. qtr. Six month outlook: Slowup in the rate of growth of fundings, a slight drop in portfolio yield plus an overhang of 100% due to warrants may make earnings and dividend gains harder to achieve. Shares are a longer term investment. (VCK)

CONNECTICUT GENERAL MORTGAGE & REALTY INVESTMENT (NYSE-CGM) Recent price: \$25.50

Portfolio dynamics: Holdings increased 30% the last 2 qtrs. Current portfolio of \$292.7M is 40% long-term; 23% short-term; 17% constr. & devel.; 13% real estate; 4% land leased to others; 3% partnerships. About 30% of long-term loans and equity are located in California with the remainder in 17 states. Short-term loans are not concentrated by state. Mgmt. expects funding to be about \$325M by Mar., an 11% gain, and reach about

SUMMARY & RANKING (Data as of 12/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Diluted	Cash Flow	Div.
Rank	7	7	118	108	9/72	\$0.42	\$0.47	\$0.44
Amt.	\$302.0M	\$109.7M	9.50%	7.34%	12/72	0.40	0.50	0.44
Type:	Long-term mtg. & equities. FY ends 3/31.				3/72	NA	NA	0.44

\$350M by June, a 20% increase from Dec. About a third of new fundings will be long-term. No problem loans. About 50% of short term loans are tied to prime while some 80% of short term commitments are to be tied to prime. Loss reserve: \$270T or 0.23%. Financing: Capital of trust amounts to \$190.4M with \$109.7M in equity w. 5.58M sh.; \$73.0M 6% convt. debent.; \$7.7M 6 3/4% convt. subor. debent. Debt is \$105.4M. Leverage ratio is 0.55-1. No public financing the next 6 months. Adviser & expenses: Congen Realty Advisory Co., wholly-owned sub. of Connecticut General Insurance Corp., one of the ten largest U.S. life companies. Expenses (excl. realty operations) were 1.29% of avg. investments the last 2 qtrs. Six month outlook: A decline in portfolio yield over the past several qtrs. will have to be altered before gains in earnings and dividends can be achieved. With the majority of new commitments being short-term, a rise in portfolio yield may be in sight. No warrant overhang. Shares are a long-term buy based on yield and future improvement in earnings and dividends. (VCK)

COUSINS MORTGAGE AND EQUITY INVESTMENTS (NYSE-CUZ) Recent price: \$27.75

SUMMARY & RANKING (Data as of 11/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	27	41	93	34	5/72	\$0.49	\$0.49	\$0.49
Amt.	\$154.6M	\$41.7M	10.31%	12.03%	8/72	0.51	0.46	0.51
Type:	Long-term mtg. & equities. FY ends 8/31.				11/72	0.54	0.51	0.54

Portfolio dynamics: Holdings gained 43% the last 2 qtrs. Current portfolio of \$142.0M is 72% short-term; 20% long-term; 8% intermediate. Investments are located in 19 states and Canada with some 60% concentrated in 8 southeastern states. Mgmt. expects portfolio to grow by \$15-20M per qtr. in next six months, a 21%-28% gain, with a higher portion of fundings going into short and intermediate loans. Trust has a \$2.24M problem loan, on a completed project for which a new buyer has been found and mgmt. anticipate little or no loss of principal. No other problem loans. About 90% of short-term loans are tied to prime but the trust is presently making new short-term loans tied to either the prime or average commercial paper rate, whichever is higher. Loss reserve: \$576T or 0.57%. Financing: Capital is \$41.7M, all equity w. 2.32M shares. Debt amounts to \$107.1M. Leverage ratio is 2.57-1. Trust plans a public financing shortly with at least a portion of it being equity. Adviser & expenses: Investment Advisory Company, wholly-owned sub. of Cousins Properties, Atlanta real estate firm. Expenses averaged 1.53% of investments last 2 qtrs. Six month outlook: Despite slight drop in portfolio yield and spread on debt, continued good growth in fundings & low dilution of 32% should produce moderate earnings and dividend gains. Shares are a longer-term buy for appreciation and moderate yield. (VCK)

THE EQUITABLE LIFE MORTGAGE AND REALTY INVESTORS (NYSE-EQ) Recent price: \$25.00

SUMMARY & RANKING (Data as of 1/73)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	14	2	114	88	7/72	\$0.53	\$0.52	\$0.51
Amt.	\$208.6M	\$133.1M	9.66%	8.67%	10/72	0.54	0.54	0.53
Type:	Long term-mtg. & equities. FY ends 10/31.				1/73	0.53	0.53	0.50

Portfolio dynamics: Holdings gained 12% over the past 2 qtrs. Current portfolio of \$205.8M is divided 72% long-term first mtg.; 20% constr.; 5% land & buildings; 3% land devel. Investments are located in 36 states plus Wash. D.C., Canada and Puerto Rico. We expect portfolio to increase by some 25% the next 6 months. Mgmt. plans to build up the short-term area. No problem loans. Some 17% of present loans are tied to prime and trust is making an increased number of new loans tied to prime or the commercial paper rate. Loss reserve: \$450T or 0.94%. Financing: Capital of trust is \$142.1M with \$133.1M in equity with 5.52M shares and \$9.0M in 6 3/4% convt. subor. debent. Debt amounts to \$61.3M. Leverage ratio is 0.43-1. No public financing planned next six months. Adviser & expenses:

Equitable Life Assurance Society of U.S., third largest U.S. mutual life company. Expenses averaged 1.76% of investments the last 2 qtrs. Six month outlook: Moderate growth in fundings, good yield and no dilution should produce moderate earnings and dividend gains. Shares are a long-term buy for good yield. (VCK)

FIDELCO GROWTH INVESTORS (ASE-FGI) Recent price: \$39.13

SUMMARY & RANKING (Data as of 11/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	71	44	16	12	5/72	\$0.89	\$0.52	\$0.66
Amt.	\$62.1M	\$38.5M	13.46%	13.76%	8/72	0.79	1.08	0.77
Type:	Long-term mtg. & equities.FY ends 11/30. 11/72					0.92	0.80	0.86

Portfolio dynamics: Holdings increased 29% the last 6 months. Current portfolio of \$61.0M is divided 45% short-term; 44% long-term; 10% land purchase-leasebacks; 1% real estate. Investments are located in 12 states and Puerto Rico with heaviest concentration in Pennsylvania, 50%. Mgmt. expects portfolio to be about \$80M by May '73, a 31% gain from Nov. '72 with more new funds going into short-term and intermediate loans. Trust had 2 problem loans, one for \$2.2M and the other for \$800T. The \$2.2M loan was worked out with no loss plus accrued interest. The \$800T loan is being negotiated and trust hopes to complete deal by May '73 with no loss plus back accrued interest. About 25% of short-term loans are tied to prime. Loss reserve: \$125T or 0.46%. Financing: Trust capital is \$38.5M, all equity w. 1.50M shares. Debt amounts to \$23.2M. Leverage ratio is 0.60-1. Trust is presently negotiating a 7-yr. \$30M term loan starting the first year at prime and rising at 1/4% over price into the fourth year. Adviser & expenses: Latimer & Buck Advisers, subsidiary of Fidelity Corp. of Penn., whose other sub. include The Fidelity Bank of Philadelphia and Latimer & Buck, Inc., mortgage banker. Expenses averaged 1.74% of investments the last 2 qtrs. Six month outlook: Healthy growth in fundings, high portfolio yield and minor dilution of 15% should produce good earnings and dividend gains. Shares are an intermediate term buy based on good yield and capital gains appreciation potential. (VCK)

FIRST MEMPHIS REALTY TRUST (OTC-FMEMS) Recent price: \$21.25

SUMMARY & RANKING (Data as of 11/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	82	78	108	61	8/72	\$0.43	\$0.36	\$0.42
Amt.	\$51.1M	\$21.0M	10.02%	10.15%	11/72	0.46	0.29	0.46
Type:	Long term mtg. & equities.FY ends 11/30. 2/73					0.49	NA	0.49

Portfolio dynamics: Holdings increased 50% the last 2 qtrs. Current portfolio of \$49.8M is 54% constr.; 19% land & land devel.; 10% long-term; 7% land & buildings; 6% constr.-permanent; 4% standing. By type of project investments are 41% apartments; 19% land & land devel.; 14% motels & hotels; 12% office & commercial; 12% industrial. Investments are located in 19 states. Mgmt. expects portfolio to gain by some \$18M the next 6 months, a 36% increase, with about 60-65% of new fundings going into constr. loans. At present, 45% of short-term loans are tied to prime. No problem loans in portfolio. Loss reserve: \$200T or 0.49% Financing: Capital of trust is \$21.0M, all equity w. 1.16M shares. Debt is \$29.3M consisting of \$28.2M in commercial paper and \$1.1M mtg. notes. Leverage ratio is 1.40-1. Public financing in next 6 months is not likely. Adviser & expenses: First Nat'l. Bank of Memphis. Expenses averaged 1.98% of investments the last 2 qtrs. Six month outlook: Steady rise in portfolio yield and good future increases in fundings should translate into moderate gains in earnings and dividends. Overhang of 98% due to warrants a future negative. Shares offer a good yield and are a longer-term buy. (VCK)

GULF MORTGAGE AND REALTY INVESTMENTS (ASE-GMR) Recent price: \$19.75

SUMMARY & RANKING (Data as of 11/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	55	42	87	81	5/72	\$0.36	\$0.36	\$0.34
Amt.	\$91.5M	\$40.3M	10.42%	8.96%	8/72	0.38	0.38	0.375
Type:	Long-term mtg.&equities.FY ends 2-28/29. 11/72					0.41	0.41	0.395

Portfolio dynamics: Holdings had a 40% gain the last 6 months. Current portfolio of \$83.9M is 58% long term loans; 12% land purchase-leasebacks; 11% land devel.; 8% constr.; 7% land; 4% standing. Geographically investments are located 31%-Florida; 23%-Georgia; with the remainder in 11 other states. Mgmt. expects fundings to reach about \$120M in the May qtr., a 43% increase from Nov. '72. A greater portion of new fundings will go into short-term. Trust has no problem loans. Loss reserve: \$186T or 0.74%. Financing: Trust capital amounts to \$40.3M, all equity w. 2.21M shares. Debt is \$49.9M. Leverage ratio is 1.24-1. On Jan. 30, '73 trust sold at par \$20M, 7.70% senior subor. notes. Proceeds will be used to reduce short-term bank debt. Adviser & expenses: Gulf Real Estate Advisory Services, sub. of Gulf Life Holding Company. Expenses averaged 1.79% of investments last 2 qtrs. Six month outlook: Strong gain in fundings, improving portfolio yield and adequate financing indicate good gains in earnings and dividends. Warrant overhang of 100% a negative. Shares an intermediate-term buy for moderate appreciation and good yield. (VCK)

HNC MORTGAGE & REALTY INVESTOR (OTC-HNCMS) Recent price: \$23.75

SUMMARY & RANKING (Data as of 1/73)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	48	38	107	65	7/72	\$0.50	\$0.43	\$0.42
Amt.	\$99.8M	\$46.5M	10.03%	9.98%	10/72	0.57	0.47	0.46
Type:	Long-term mtg. & equities. FY ends 10/31. 1/73					0.53	0.50	0.50

Portfolio dynamics: Holdings increased 47% the last 2 qtrs. Current portfolio of \$95.5M is 49% constr.; 20% land & devel.; 13% long-term; 9% short-term standing; 5% short-term junior; 4% long-term junior. Investments are located in 18 states and Wash. D.C., including 19%-N.Y.; 18%-Conn.; 15%-Florida. Mgmt. expects portfolio to grow by \$15M per quarter, a 31% increase the next 6 months, with more new loans going into short-term. No problem loans. Some 50% of loans are presently tied to prime. Loss reserve: \$57T or 0.10%. Financing: Capital of trust is \$50.5M with \$46.5M in equity (w. 2.31M shares) and \$4.0M 6 3/4% convt. sub. debent. Debt amounts to \$48.6M. Leverage ratio is 0.96-1. No public financing planned but trust is looking into a term loan. Adviser & expenses: HNC Realty Advisers, sub. of Hartford Nat'l. Corp., Connecticut's largest one-bank holding co. Expenses averaged 1.84% of investments in the last 2 qtrs. Six month outlook: Slowing of fundings and slight drop in portfolio yield will produce moderate earnings and dividend gains. No dilution to worry about. Shares are for longer-term at this juncture. (VCK)

MASSMUTUAL MORTGAGE & REALTY INVESTORS (NYSE-MML) Recent price: \$24.75

SUMMARY & RANKING (Data as of 1/73)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	13	10	122	92	7/72	\$0.50	\$0.50	\$0.50
Amt.	\$211.4M	\$90.0M	9.19%	8.34%	10/72	0.49	0.48	0.50
Type:	Long-term mtg. & equities. FY end 10/31. 1/73					0.48	0.48	0.50

Portfolio dynamics: Holdings gained 24% the last 6 months. Current portfolio of \$203.8M is 75% long-term first mtg.; 13% constr.; 6% short-term first mtg.; 6% junior. Investments are fairly well spread throughout U.S. with some concentration in Middle Atlantic and Mid-West states. Mgmt. expects portfolio to reach \$275M by Oct. '73 with more concentration in short term. We expect six month gain of about 25%, or portfolio of about \$250M. No problem loans. Nearly all construction loans are tied to prime. Loss reserve: \$507T or 0.98%. Financing: Capital of trust is \$170.3M with \$90.0M in equity with 4.63M shares; \$5.5M 6 3/4% convt. debent. due '90; \$49.8M 6 1/4% convt. debent. due '91; \$25.0M 6 3/4% convt. debent. due '87. Debt amounts to \$34.6M. No public financing in next 6 months. Trust is presently negotiating \$40M bank term loan. Adviser & expenses: Mass. Mutual Life Insurance Co., tenth largest U.S. life company. Expenses averaged 1.29% of investments the past 2 qtrs. Six month outlook: Continued fundings gain offset by drop in portfolio yield, should produce very moderate earnings and dividend gains after recent declines. Build-up in short-term loans may raise portfolio yield. Shares are a longer-term buy for good yield and institutional sponsorship. (VCK)

MONY MORTGAGE INVESTORS (NYSE-MYM) Recent price: \$13.13

SUMMARY & RANKING (Data as of 11/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	10	12	95	51	8/72	\$0.27	\$0.26	\$0.26
Amt.	\$230.5M	\$85.1M	10.26%	11.15%	11/72	0.29	0.28	0.27
Type:	Long-term mtg. & equities.FY ends 5/31.				2/73	NA	NA	0.26

Portfolio dynamics: Holdings increased 24% the last 6 months. Current portfolio of \$221.5M is 54% constr. and short-term; 34% long-term; 8% building; 3% second mtg.; 1% land. Holdings are located in 26 states. Mgmt. expects portfolio to reach \$250M by May, '73, a 13% gain, with some \$135M in short-term and the remaining \$115M in long-term & equity. No problem loans. About 69% of short-term loans are currently tied to prime and trust expects that by July or August '73 all short-term loans will be tied to prime. Loss reserve: None. Financing: Capital of trust amounts to \$95.1M with \$85.1M in equity (w. 8.65M sh.) and \$10.0M 7% convt. subor. debent. Debt is \$131.9M. Leverage ratio is 1.39-1. No public financing planned. Adviser & expenses: Mutual of New York, 11th largest U.S. life insurance co. Expenses averaged 1.06% of investments the last 2 qtrs. Six month outlook: Steady gains in portfolio yield, continued growth in portfolio plus strong origination strength of sponsor indicate moderate future earnings and dividend growth. Shares represent a comfortable buy for both longer-term yield and capital gains potential.

(VCK)

NORTHWESTERN FINANCIAL INVESTORS (OTC-NFINS) Recent price: \$18.50

SUMMARY & RANKING (Data as of 10/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	119	63	46	109	4/72	\$0.21	\$0.21	\$0.20
Amt.	\$27.9M	\$27.9M	11.65%	7.28%	7/72	0.27	0.27	0.27
Type:	Long-term mtg. & equities.FY ends 12/31.10/72					0.34	0.34	0.29

Portfolio dynamics: Holdings rose 105% the past 2 qtrs. Current portfolio of \$23.8M is 35% constr.; 20% interim; 17% permanent; 14% land devel.; 12% land; 2% land sale-leasebacks. Investments are concentrated in N.C.-63%; Fla.-12%; S.C.-11%. Mgmt. expects portfolio to increase by \$20M by June '73, an 84% gain in the 8 months from Oct.'72 to Jun.'73, with composition little changed. No problem loans. About 16% of present loans are tied to prime and mgmt. is attempting to tie all new loans to prime. Loss reserve: None. Financing: Trust capital amounts to \$27.9M, all equity with 1.51M shares. No fixed debt. No public financing planned. Adviser & expenses: Northwestern Financial Corp., sub. of Northwestern Financial, one-bank holding co. for Northwestern Bank of Charlotte, N.C. Expenses averaged 2.82% of investments the last 2 qtrs. Six month outlook: Good growth in fundings offset a bit by drop in portfolio yield but should still produce healthy earning and dividend gains. Warrant overhang of 100% future negative which should not greatly affect near-term results. Shares are moderately attractive for regional representation.(VCK)

NORTHWESTERN MUTUAL LIFE MORTGAGE & REALTY INVESTORS (NYSE-NML) Recent price: \$24.63

SUMMARY & RANKING (Data as of 12/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	25	11	97	75	9/72	\$0.44	\$0.43	\$0.44
Amt.	\$160.3M	\$89.8M	10.25%	9.38%	12/72	0.47	0.45	0.46
Type:	Long-term mtg. & equities.FY ends 3/31.				3/72	NA	NA	0.48

Portfolio dynamics: Fundings grew 24% the last 2 qtrs. Current portfolio of \$156.1M is divided 55% long-term; 38% short-term; 7% real estate. Investments are located in 36 states with concentration in California (18.6%) and Florida (17.6%). Mgmt. expects portfolio to reach \$180-190M by Mar.'73 and about \$300M by Mar.'74 when trust plans to be about half short-term, half long term. We expect portfolio to gain by \$60M the next 6 months, a 38% gain. No problem loans. Some 42% of funded short-term loans are tied to prime while about 82% of new short-term commitments are tied to prime. Loss reserve: \$85T or 0.14%. Financing: Capital is \$94.8M with \$89.8M in equity with 4.65M shares and \$5.0M 6% convt. subor. debent. Debt amounts to \$62.2M. No public financing next 6 months. Adviser & expenses: *Northwestern Mutual Life Insurance Co., seventh biggest U.S. life company. Expenses averaged 1.53% of investments the last 2 qtrs. Six month outlook: Healthy gain in portfolio over next 6 months, increasing portfolio yield and no dilution point to good earnings and dividend gains. Shares are an excellent intermediate term buy for appreciation and sound portfolio. *Eff. Apr.1, Adv. fee calculation changed.

(VCK)

PNB MORTGAGE AND REALTY INVESTORS (ASE-PNI) Recent price: \$24.50

SUMMARY & RANKING (Data as of 12/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	41	40	50	39	6/72	\$0.56	\$0.42	\$0.53
Amt.	\$107.4M	\$42.6M	11.54%	11.13%	9/72	0.57	0.43	0.54
Type:	Long-term mtg. & equities. FY ends 9/30.				12/72	0.55	0.44	0.53

Portfolio dynamics: Holdings rose 41% the last 2 qtrs. Current portfolio of \$103.9M is 41% constr. & devel.; 31% permanent; 18% real estate; 7% junior mtg.; 3% intermediate. Investments are located in 13 states with some concentration in Pa., N.J. and Calif. Mgmt. expects fundings to be about \$110M by June '73, a 6% growth, with about 36% in long-term, 18% in equity and 43% in short-term. Heavy repayments during the next six months account for slowing portfolio growth. No problem loans. About 80% of present short-term loans are tied to prime but loans now being negotiated are being tied to 90 day commercial paper rate. Loss reserve: \$201T or 0.38%. Financing: Capital amounts to \$42.6M, all equity w. 2.24M shares. Debt comes to \$63.9M. No public financing in the next 6 months. Adviser & expenses: Colonial Advisers, Inc., sub. of Colonial Mtg. Service Co., one of largest U. S. mtg. bankers and sub. of Philadelphia Nat'l. Bank. Expenses averaged 1.60% of investments the last 2 qtrs. Six month outlook: Slowdown in growth in fundings due to repayments plus heavy exercise of warrants (overhang still is 63%) likely will hold back earnings and dividend growth. Shares are attractive only for longer-term holders. (VCK)

REALTY AND MORTGAGE INVESTORS OF THE PACIFIC (OTC-RPACS) Recent price: \$18.25

SUMMARY & RANKING (Data as of 11/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	83	68	127	98	5/72	\$0.35	\$0.35	\$0.33
Amt.	\$50.9M	\$25.0M	8.09%	8.07%	8/72	0.38	0.38	0.37
Type:	Long-term mtg. & equities. FY ends 11/30.				11/72	0.42	0.42	0.41

Portfolio dynamics: Holding had a 21% gain the last 6 months. Current portfolio of \$49.4M is 81% constr. & devel.; 12% long-term; 5% equity; 2% land leasebacks. Geographically, investments are 36% Hawaii, and 32% California, with the remainder in 5 Western states, Guam and Fiji. Mgmt. expects fundings to remain level the next three months due to early repayments, but expects better growth the following qtr. We estimate a 15% growth for the next 6 months. There are no problem loans. Very few loans are tied to prime. Loss reserve: \$59T or 0.15%. Financing: Capital is \$47.2M with \$25.0M in equity w. 1.40M shares and \$22.2M 6 3/4% convt. subor. debent. Debt is \$2.5M all short term notes. Trust does not plan a public financing in next six months. It will shortly be issuing commercial paper thru Lehman Bros. Adviser: Bankoh Advisory Corp., sub. of Bank of Hawaii, largest commercial bank in Hawaii. Expenses averaged 1.62% of investment the last 2 qtrs. Six month outlook: Slowup in growth of fundings and decline in portfolio yield indicate a slowing in earnings and dividend gains near term. No warrant overhang. Shares are a long-term holding based a good yield and future growth prospects. (VCK)

STATE MUTUAL INVESTORS (NYSE-SMU) Recent price: \$25.63

SUMMARY & RANKING (Data as of 12/72)

RECENT SHARE RESULTS

	Assets	Equity	Port.Yield	Capital Ret.	Period	EPS Primary	Diluted	Div.
Rank	56	34	23	19	6/72	\$0.57	\$0.54	\$0.54
Amt.	\$88.9M	\$53.3M	12.85%	13.41%	9/72	0.61	0.59	0.59
Type:	Long-term mtg. & equities. FY ends 3/31.				12/72	0.69(Inc.\$0.05 fee)	0.65	0.62

Portfolio dynamics: Holdings had a 4% gain the last 6 months. Current fundings of \$84.5M were 41% long-term-first mtg.; 23% constr.-first mtg.; 12% devel.-first mtg.; 10% land-first mtg.; 9% devel.-second mtg.; 3% standing-second mtg.; 2% long-term-second mtg. Investments are located in 17 states, Canada and Puerto Rico with some concentration in Ill., Fla., Ala., Ga. and Penn. Mgmt. expects portfolio to reach \$105M in next 6 months, a 24% gain, with about a 50-50 ratio between long-term and short-term loans. All constr. loans are tied to prime and 50% of land and land development are based on prime. No problem loans. Loss reserve: \$140T or 0.29%. Financing: Trust capital is \$58.8M with \$53.3M in equity (w. 2.67M shares) and \$5.6M 6 3/4% convt. subor. debent. Debt amounts to \$28.9M. Trust plans to register during March a 7-year straight debenture offering. Adviser & expenses: American Group Management Corp., owned by State Mutual Life Assurance Co. Six month outlook: Continued growth in portfolio yield and fundings, should translate into earnings and dividends gains. Shares are an intermediate term buy. (VCK)